

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4538-01
BILL NO.: HB 2142
SUBJECT: Charities; Domestic Relations; Revenue Department; Taxation and Revenue.
TYPE: Original
DATE: April 18, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue		(\$77,201) to (\$2,077,201)	(\$78,783) to (\$2,078,783)
Total Estimated Net Effect on <u>All</u> State Funds	(\$49,999)	(\$77,201) to (\$2,077,201)	(\$78,783) to (\$2,078,783)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0 to (\$1,000,000)

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state this proposal creates a tax credit for contributions made to a sexual violence crisis center, as long as the total amount of contributions for the taxable year exceeds \$100. The tax credit is equal to 50% of the contributions made, not to exceed \$50,000. The tax credit is non-refundable, but may be carried over to the next four succeeding tax years. The cumulative amount of tax credits claimed in any one fiscal year shall not exceed \$2 million.

The DOR states the Director of Public Safety will determine annually which facilities in this state may be classified as sexual violence crisis service centers. The Director of Public Safety must also apportion the tax credits equally among all sexual violence crisis service centers. Any unused tax credits must be reapportioned by Public Safety to ensure that all the tax credits are available for that fiscal year.

The DOR assumes the number of taxpayers eligible for these tax credits is unknown at this time, however, the Division of Taxation, Personal Tax Bureau, will need one temporary tax season employee (\$8.00 an hour) for every 130,000 returns filed (key entry) and one Tax Processing Tech I for every 2,000 credits claimed each year (processing). One Tax Processing Tech I will also be needed for every 3,000 additional pieces of correspondence and every 30,000 additional errors generated by this legislation. The Division of Taxation, Business Tax Bureau, will need one Tax Processing Tech I for every 3,680 credits claimed.

The DOR also assumes this legislation will require modifications to the individual and corporate income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor, a cost of \$41,617. Modifications to tax returns and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of \$4,498 is requested for implementation costs, and \$451 is requested for on-going costs.

Oversight assumes the Department of Revenue could request additional FTE to process the additional tax credits if the need arises, but for purposes of this fiscal note, the DOR is assumed only to have state data center costs of \$451 in all fiscal years as a result of this proposal.

Officials from the **Department of Public Safety (DPS)** state this proposal creates a tax credit for donations made to sexual violence crisis service centers. The DPS assumes implementation of this proposal will require three FTE in their department. Required would be one (1) Program

Specialist II (at \$46,080 annually) to supervise and work with the centers to determine who

ASSUMPTION (continued)

qualifies, review tax credit documents and answer citizen questions; one (1) Accountant I (at \$29,184 annually) to review, monitor, and process tax credits as they are sent to the DPS; and one (1) Clerk III (at \$22,164 annually) to provide clerical support for the program.

Oversight assumes the DPS can utilize existing resources to perform many of the duties involved with implementing this proposal and will only require an additional Program Representative.

Officials from the **Department of Insurance (INS)** states that Missouri has approximately 300 domiciled companies and approximately 1,800 companies licensed to do business in the state. The INS assumes a range of \$0 to \$2,000,000 as the potential decrease in premium tax collected as a result of proposed legislation. Since the premium tax is split 50/50 between the General Revenue Fund and the County Foreign Insurance Funds, the INS estimated the fiscal impact to the County Foreign Insurance Funds as a range of \$0 to \$1,000,000 decrease.

Officials from the **Office of Administration, Budget and Planning** state that they have not been able to find any empirical basis to estimate the fiscal impact of the proposal.

Oversight estimated the fiscal impact to the General Revenue Fund of the tax credits as a range from \$0 to \$2 million for fiscal years 2002 and 2003.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Loss</u> - Tax credits for donations to sexual violence crisis service centers	\$0	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)
<u>Costs</u> - Department of Revenue State Data Center costs	(\$451)	(\$451)	(\$451)
<u>Costs</u> - Department of Public Safety Personal Service (1 FTE)	(\$23,616)	(\$48,413)	(\$49,623)
Fringe Benefits	(\$7,262)	(\$14,887)	(\$15,259)

Expense and Equipment	<u>(\$18,670)</u>	<u>(\$13,450)</u>	<u>(\$13,450)</u>
Total <u>Costs</u> - DPS	(\$49,548)	(\$76,750)	(\$78,332)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2001 (6 Mo.)	FY 2002	FY 2003
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ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$77,201) to <u>(\$49,999)</u>	(\$78,783) to <u>(\$2,077,201)</u>	<u>(\$2,078,783)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
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SCHOOL DISTRICTS

<u>Loss</u> - School Districts	\$0	\$0	\$0 to
County Foreign Insurance Tax			(\$1,000,000)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal authorizes state credits to taxpayers equal to 50% of any contribution to a qualified sexual violence crisis service center offering specific services to victims up to a maximum credit of \$50,000 per year. The minimum contribution must be equal to or greater than \$100 to receive the credit. The taxpayer is allowed a tax credit against any individual income, corporate income, corporate franchise, financial institutions, or express company tax liability. The credit may be carried over for 4 years, but may not exceed tax liability in any one year.

The proposal requires the Department of Public Safety to determine qualified facilities and to apportion the tax credits among all qualified facilities located in the state. The maximum statewide credits granted cannot exceed \$2 million per year.

The proposal will become effective January 1, 2001.

This legislation is not federally mandated, would not duplicate any other program and would not

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require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Department of Insurance
Office of Administration
Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
April 18, 2000